



Working Together to Thrive



Kate Houston

2015 Agricultural Outlook Forum

Cargill works with businesses from farmers to Fortune 500 companies

Creating and optimizing supply chains from farm forward

Helping farmers optimize crop quality and yields and access the best markets

Creating food ingredients that promote health

Formulating foods and recipes for schools and other customers

Managing risk and stabilizing pricing for farmers and food companies

Cargill's commitment to K-12

Bringing solutions to school feeding programs

- Serving K-12 schools since 1985.
- In 1996 Cargill Kitchen Solutions began commodity processing
- In 2012 Cargill's turkey business began offering commodity processing
- Today we are serving schools in 42 states with more than 60 delicious and high quality products



Diced Eggs

CN: 1 Meat/Meat Alternative

- 9 g protein
- 70 mg sodium



Skillet Frittata® Wrap - Chorizo

CN 2 meat & 1 grain

- 10 g protein
- 420 mg sodium

THAT'S WHY SHADY BROOK FARMS® USDA PROCESS VERIFIED TURKEY

is now available – from our family farms to your students – through the National School Lunch Commodity Processing Program for the 2015/2016 school year.



Our turkeys are raised:

- With no antibiotics used for growth promotion - antibiotics only used for treatment & prevention of illness.
 - By independent farmers.
 - By producers trained on animal handling practices.
- [HTTP://PROCESSVERIFIED.USDA.GOV/](http://processverified.usda.gov/)



WE DON'T USE
GROWTH-PROMOTING
ANTIBIOTICS

RAISED BY
INDEPENDENT
FARMERS

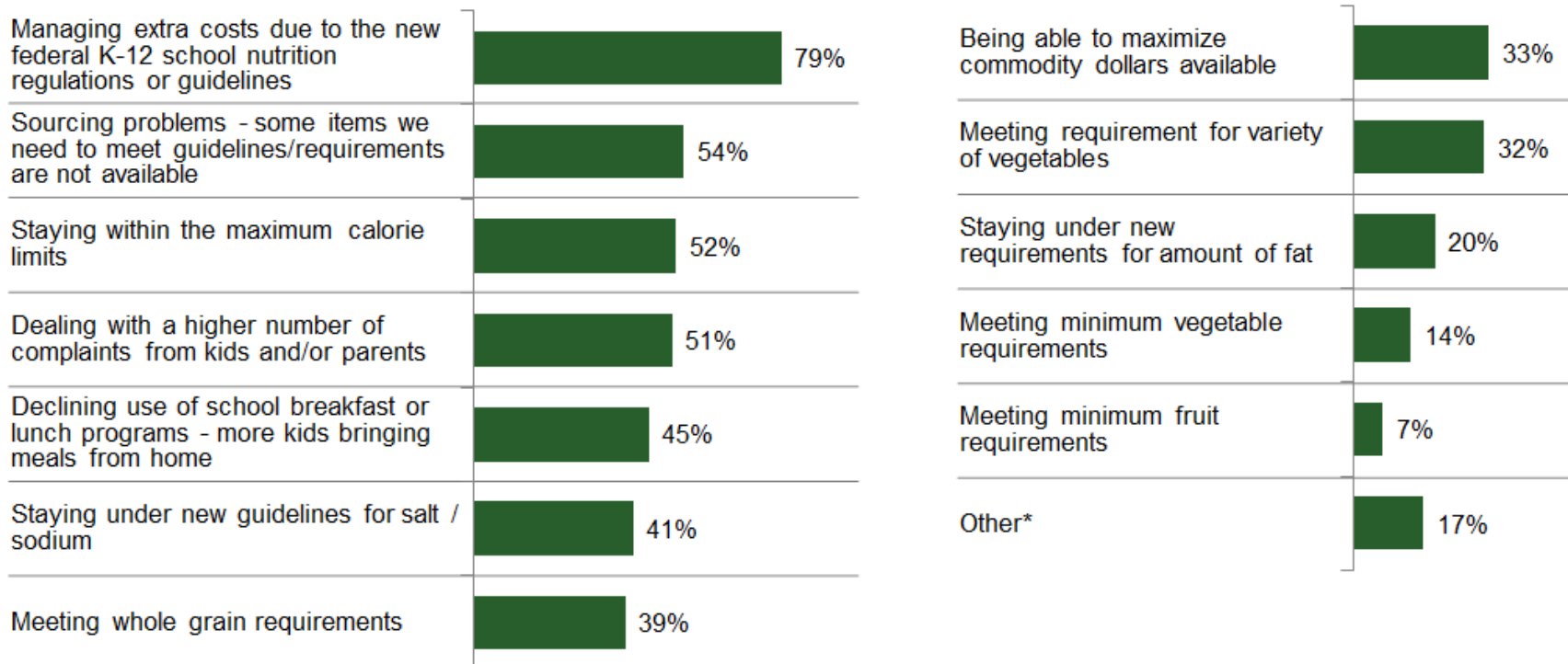
PREMIUM TURKEY
WITHOUT THE
PREMIUM PRICE

SHADY BROOK FARMS® TURKEY IS the first from a major brand to be raised without using antibiotics for growth promotion. Our 700 independent farms have worked hard to make it possible to meet the demands of today's families.

ALL SHADY BROOK FARMS TURKEYS are raised by independent farmers – like the Rodes Family of Riverhill Farms – who are trained in animal handling practices. You can learn more about these family farms and our commitment to better food on shadybrookfarms.com/ourstory.

WE'RE COMMITTED TO BRINGING you better food at a better price. You shouldn't have to pay premium prices for turkey raised without growth-promoting antibiotics, and in school year 2015/2016 you now have a choice with Shady Brook Farms turkey.

Complex Operating Environment

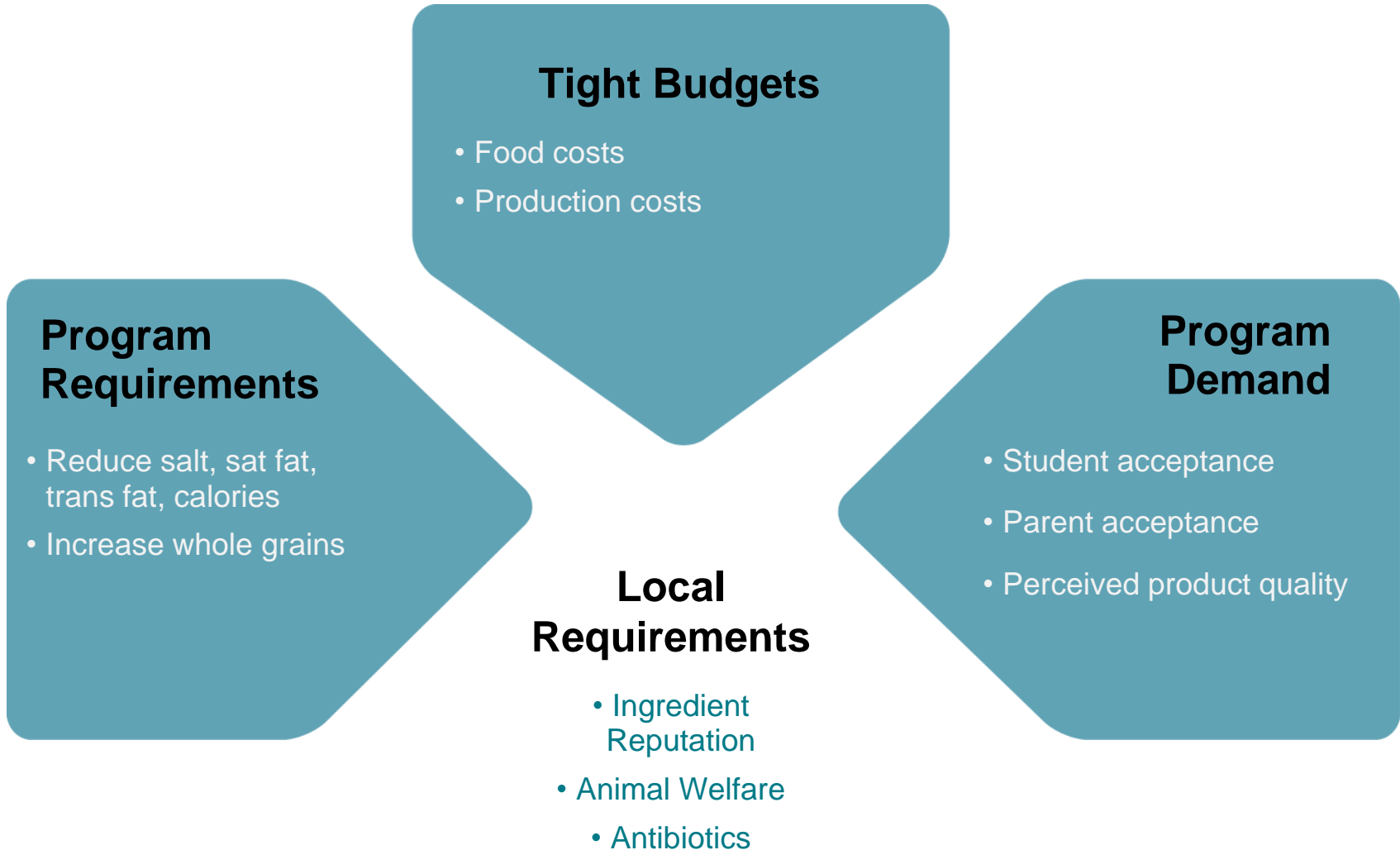


Base = Foodservice Directors answering; N = 352

Q23 Which of the following problems or issues, if any, have you experienced in meeting the new federal K-12 school nutrition regulations or guidelines?

*See Appendix for "Other" problems

Program Faces Numerous Pressures



Opportunities

PROCUREMENT

- Complexity of Bidding Process
- Significant paperwork burden and varying documentation and formatting requirements from different schools (marketing program information, resumes of staff, etc.)

DISTRIBUTION

- Limits due to Distributor Networks & Product Selection
- Distributors may not stock certain suppliers' products or elect to stock only certain products

COMMERCIAL CROSS OVER

- Unique Product Requirements beyond Nutrition Standards (specific ingredient restrictions, local, etc.)
- Little Overlap with Other Commercial Markets

SUPPLY/DEMAND

- Lack of clarity in bid award process, inventory status
- Manufacturers may not be notified when win/lose bids, face challenges with product stocking
- Products cannot always be sold to alternative customers

NUTRITION INNOVATION

- Aligning Innovation Timeline with School Needs/Requirements
- Lack of Certainty around Product Requirements/Standards

Opportunities to Streamline the Bidding Process

SAMPLE BID REQUIREMENTS

- **Detailed implementation plan/strategy** including **marketing strategies** to increase student participation and menu enhancement.
- Documentation of **experience with manufacturing food commodities**: type of equipment used, detailed description of storage and transportation methods.
- Summarize any qualifications, knowledge or expertise in the following categories: **manufacturing of commodity foods, temperature monitoring, sanitation practices, environmental monitoring programs**, partnerships with distributing firms.
- Vendors must include all **resumes** for each proposed individual on the State format provided for key personnel responsible for performance of the contract
- Be submitted on **recycled paper**
- Long responses will be construed as a **lack of environmental and cost consciousness**
- Requires use of **re-usable binders** rather than spiral or glued bindings
- Excludes use of “**expensive paper**, specialized binding” in submitting a bid

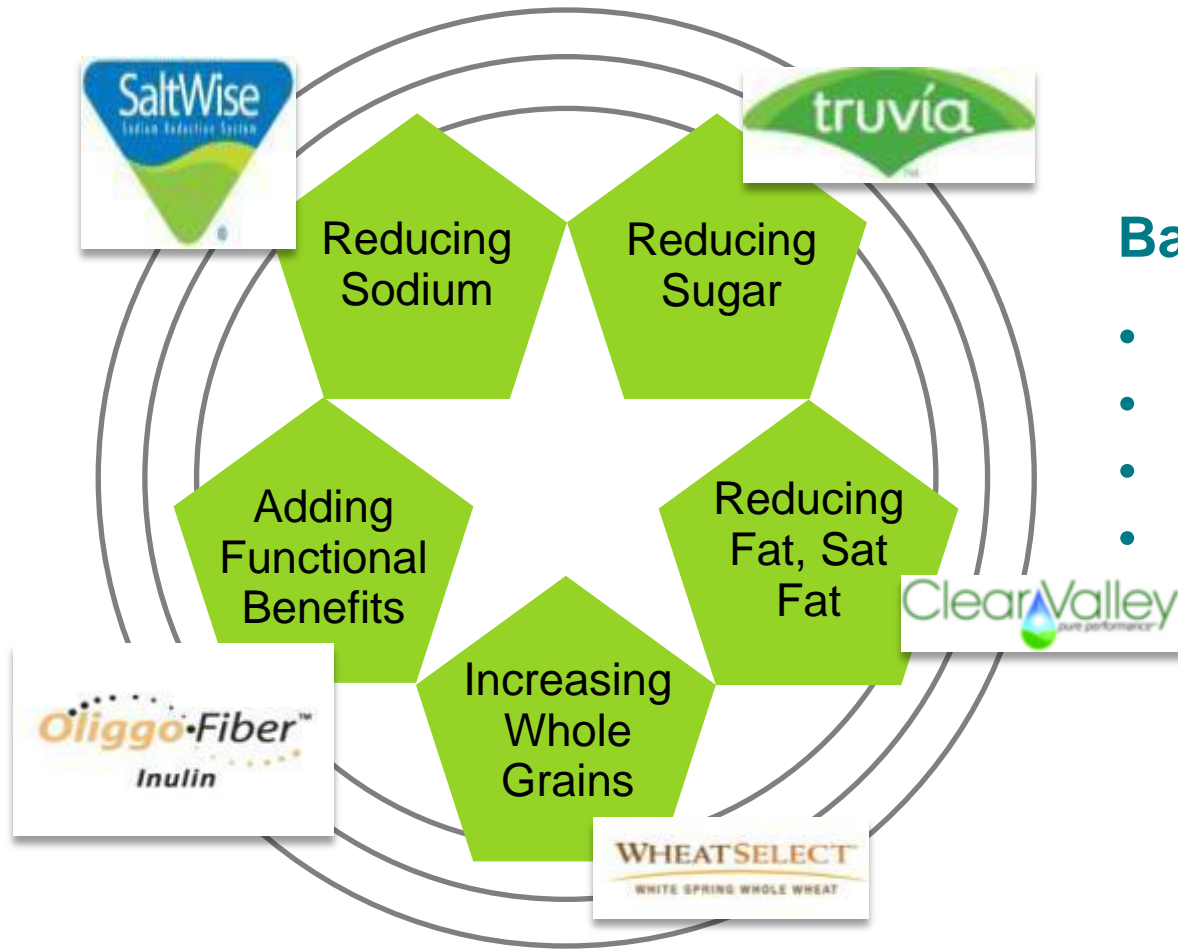
For Students, Taste Still Rules

- FSDs know that the taste experience matters
 - Healthier is good – especially in the eyes of parents – but students still have to like it
 - Taste and appeal are key to maintaining high student participation

49%
OF
MOMS
BELIEVE
PROTEIN
IS A NUTRIENT
ESSENTIAL
TO THEIR CHILD'S
HEALTH

2012 Gallup Study

A Holistic Approach



Balancing:

- Nutritional Quality
- Student Appeal
- Affordability
- Supply Chain

MD House Bill 679

CHEMICAL-FREE SCHOOLS ACT

A PUBLIC SCHOOL OR A LOCAL SCHOOL SYSTEM MAY NOT PURCHASE, SELL, OR SERVE FOOD IN A PUBLIC SCHOOL DURING REGULAR SCHOOL HOURS IF THE FOOD CONTAINS ANY OF THE FOLLOWING INGREDIENTS OR CHEMICALS:

- (1) ARTIFICIAL COLORS;
- (2) ARTIFICIAL FLAVORINGS;
- (3) ARTIFICIAL SWEETENERS
- (4) BREAD OR FLOUR ADDITIVES
- (5) BROMINATED VEGETABLE OIL (BVO);
- (6) MONOSODIUM GLUTAMATE (MSG) AND OTHER ADDITIVES CONTAINING GLUTAMATE
- (7) MYCOPROTEIN (QUORN);
- (8) PRESERVATIVES,
- (9) SODIUM NITRATE;
- (10) SODIUM NITRITE;
- (11) SULFUR DIOXIDE; AND
- (12) SODIUM SULFITE.



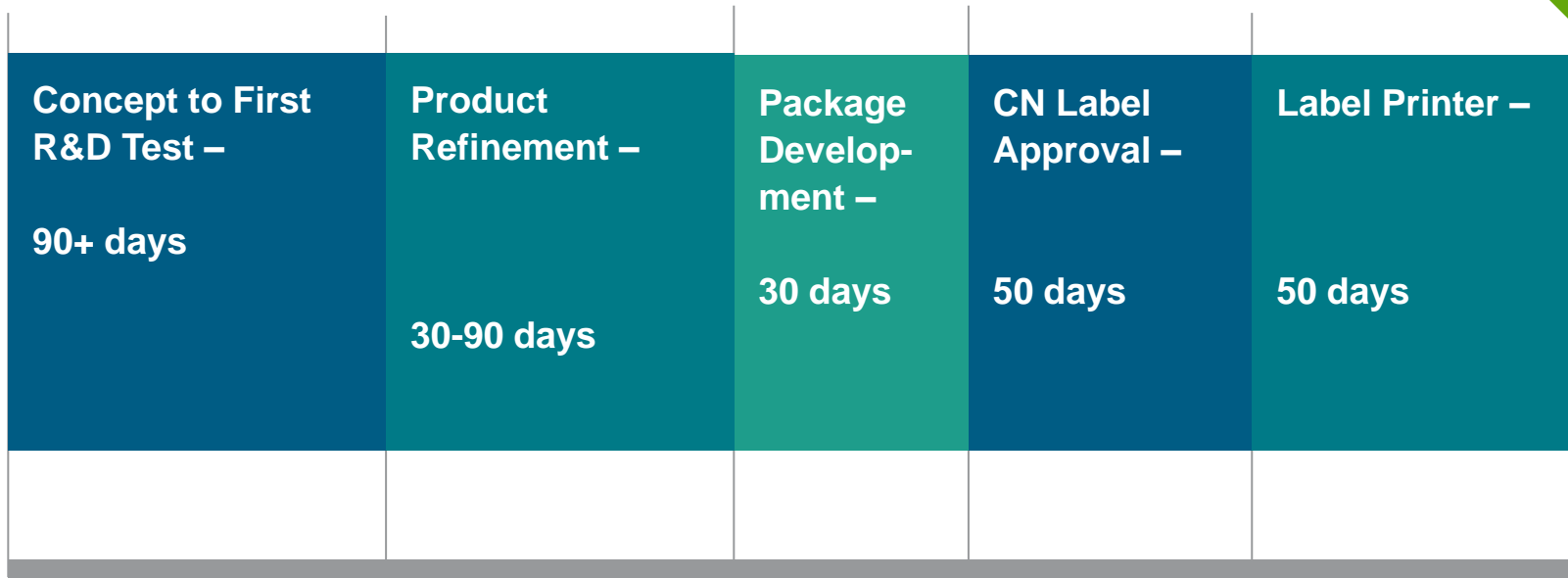
“Our nutrition services department emphasizes local, sustainable and healthy true foods. We strive to nurture all children with access to quality food and feel that we should err on the side of caution with regards to GMOs and children until they are established to be safe for human consumption as there is currently no consensus from the scientific community.”

--Minneapolis Public Schools

Innovation Timeline

Need 2+ years to react to sodium target level

Products
Ready for
Bidding



DAY 1

DAY 310



150 years of helping the world *thrive*